DOCUMENT RESUME

ED 331 629 PS 019 523

TITLE	Health Care: Children's Medical Services Programs in 10 States. Report to the Chairman, Committee on Finance, U.S. Senate.
INSTITUTION	General Accounting Office, Washington, D.C. Div. of Human Resources.
REPORT NO	GAO/HRD-89-81
PUB DATE	Jul 89
NOTE	12p.
AVAILABLE FROM	U.S. General Accounting Office, P.O. Box 6015, Gaithersburg, MD 20877 (first 5 copies, free; additional copies $2.00 each; quantity discount).
PUB TYPE	Reports - Descriptive (141)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Child Health; Diseases; Eligibility; *Health Programs; *Medical Services; *State Federal Aid; State Government; *State Programs
IDENTIFIERS	*Maternal and Child Health Block Grants; Support Services

ABSTRACT

This report describes states' use of federal maternal and child health services (MCH) block grant funds to support their children's medical services (CMS) programs. Program officials and appropriate documents in 10 states were reviewed. Although all states allocated MCH funds to CMS programs, they did not typically designate the funds for particular programs. In 1987, the 10 states spent a total of $242 million for CMS programs, of which 11 percent came from MCH grants. Program coverage included many medical services, such as physician visits and medications, and some support services, such as counseling and case management. An estimated 261,000 children were served in 1987. Program eligibility requirements typically involved residency, age, income, and medical condition. Appendixes to this report include a copy of a letter from the Department of Health and Human Services and a list of major contributors to the report. (BC)

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Report to the Chairman, Committee on Finance, U.S. Senate

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July 1989

HEALTH CARE

Children's Medical Services Programs in 10 States

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GAO/HRD-89-81

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-231228

July 14, 1989

The Honorable Lloyd Bentsen
Chairman, Committee on Finance
United States Senate

Dear Mr. Chairman:

This letter responds to your office's September 1988 request for a report on how states use federal maternal and child health services (MCH) block grant funds to support their children's medical services (CMS) programs. In fiscal year 1987, $497 million was distributed to the states under the block grant. CMS programs are a key component of state programs supported with MCH funds. CMS programs typically provide such services as screening, diagnosis, surgical, and other corrective procedures; hospitalization and aftercare; and speech, hearing, vision, and psychological care.

National data on the extent to which states use their MCH funds to support specific CMS services were not available. To obtain information on states' use of MCH funds to support such services, we visited 10 states: Arizona, California, Florida, Georgia, Maine, Maryland, Minnesota, Mississippi, Ohio, and Texas. We interviewed program officials and reviewed appropriate documents for data on medical and support services provided, medical conditions covered, eligibility requirements, individuals served, and expenditures during state fiscal year 1987. The states visited, the medical conditions covered, and services provided are the same as those on which we based our report to you on chronically ill children's home care experiences.[1]

We performed our work in accordance with generally accepted government auditing standards between February and September 1988.

Results in Brief

All 10 states we visited allocated federal MCH funds to their CMS programs, but 8 states did not designate, or earmark, the MCH funds for specific CMS activities. Arizona and Ohio were the exceptions. Arizona designated federal funds almost exclusively for CMS personnel and administrative costs, and Ohio, for CMS administration and medical case management.

[1]Health Care: Home Care Experiences of Families With Chronically Ill Children (GAO/HRD-89-73, June 20, 1989).

In 1987 the 10 states spent about $242 million from all sources for their CMS programs to serve an estimated 261,000 children. Of these funds, the states supplied about 74 percent; the MCH block grant, about 11 percent; and other monies, the balance. Most CMS programs

- provided many medical services, such as physician office visits, medications, medical equipment and supplies, and therapies;
- provided some support services, such as case management, counseling, and transportation; and
- covered a wide range of medical conditions.

While states generally provided both diagnostic care and medical treatment, they did not record expenses by these categories. Two states, however, believed that most of their CMS funds were used for treatment services. The remaining states were unable to provide estimates.

Funding of Children's Medical Services Programs

While all 10 states allocated MCH funds to their CMS programs, 8 states did not designate the funds for particular CMS activities. Arizona designated MCH funds almost exclusively for CMS personnel and administrative costs, state officials told us, because it was easier to add employees with federal dollars than state dollars. Ohio officials said they designated MCH funds for CMS administration and medical case management services for ease of recording and reporting.

The 10 states spent a total of about $242 million from all sources for their CMS programs in 1987, as shown in table 1. The states provided 74 percent of these funds; the rest came from MCH and other funds. State reliance on the MCH block grant for CMS funding ranged widely, from 4 percent in Florida to 56 percent in Maine.

Table 1: States' Expenditures for Children's Medical Services (1987)

State	Total expenditures	MCH funds		State funds	Other funds[a]
		Amount	Percent of total expenditures		
Arizona	$8,329,700	$915,000	11	$4,458,400	$2,956,300
California	79,220,000[b]	4,704,000[b]	6	55,275,000[b]	19,241,000[b]
Florida	85,240,120	3,691,191	4	73,288,798	8,260,131
Georgia	10,534,251	2,111,154	20	8,423,097	•
Maine	1,302,724	733,500	56	569,224	•
Maryland	5,000,000[b]	2,630,865	53	2,369,135[b]	•
Minnesota	3,905,253	1,904,655	49	2,000,598	•
Mississippi	4,092,190	2,196,031	54	1,792,726	103,433
Ohio	16,323,185	3,712,894	23	5,255,464	7,354,827
Texas	27,713,310	3,173,836	11	24,539,474	•
Totals	**$241,660,733**	**$25,773,126**		**$177,971,916**	**$37,915,691**
Percent	100	11		74	15

[a]Includes other federal funds, local funds, fees, and reimbursements.

[b]Estimated.

Services Covered by State Programs

While the 10 states did not separately account for spending on diagnostic and medical treatment services, 2 states gave us estimates. California officials estimated that over $4.6 million (98 percent) of their 1987 federal funds were used for treatment services, and Texas officials estimated they spent about $2.8 million (88 percent) of their federal funds for such services. The other states could not give estimates.

The states' CMS programs varied in their coverage of medical and support services. Each state's program covered most of the seven medical services shown in table 2, but fewer support services. All 10 states provided four medical services (medical equipment, related supplies, medications, and therapies), and 8 states provided two support services (counseling and case management).

Table 2: Services Covered by State Children's Medical Services Programs (1987)

Service	Service covered by state									
	AZ	CA	FL	GA	ME	MD	MN	MS	OH	TX
Medical services:										
Totals	5	7	6	7	7	5	7	5	6	5
Physician home visits		X		X	X		X		X	X
Physician office visits	X[a]	X	X	X	X		X	X	X	
Medical equipment	X	X	X	X	X	X	X	X	X	X
Medical supplies for equipment	X	X	X	X	X	X	X	X	X	X
Medications	X	X	X	X	X	X	X	X	X	X
Skilled nursing visits		X	X[a]	X	X	X	X			
Rehabilitative & other therapies	X[a]	X	X	X	X	X	X	X[a]	X	X
Support services:										
Totals	3	4	5	3	3	2	3	1	1	3
Respite care		X	X							
Homemaker services										
Transportation	X	X[a]	X	X	X		X			X
Day care			X[a]							
Baby-sitting services										
Counseling	X[a]	X	X	X	X	X	X	X		X
Case management	X	X	X	X	X	X	X		X	X

[a]Offered with some limitations.

Number of Children Served

In serving an estimated 261,000 children in 1987, the 10 states' programs ranged from about 2,000 in Maine to about 90,000 in California (see table 3).

Table 3: Numbers of Children Served by State Children's Medical Services Programs (1987)

State	State agency	Children served
Arizona	Children's Rehabilitative Services	46,324
California	California's Children's Services	89,669
Florida	Children's Medical Services	50,000[a]
Georgia	Children's Medical Services	15,209
Maine	Handicapped Children's Program	1,993
Maryland	Children's Medical Services	8,000[a]
Minnesota	Services for Children with Handicaps	7,743
Mississippi	Children's Medical Program	7,256
Ohio	Bureau for Children with Medical Handicaps	20,720
Texas	Chronically Ill/Disabled Children's Services	14,170
Total		**261,084**

[a]Estimated

Eligibility Criteria

The state CMS programs covered a wide array of medical conditions with few restrictions on who could be served. Most states required a program beneficiary to (1) be a state resident, (2) be under 21 years of age, (3) meet certain income requirements in order to receive free services, and (4) have or be suspected of having an eligible medical condition.

But the states' eligibility criteria varied by age, income, and medical prognosis.

- Maryland and Texas included individuals under age 22, while Maine included those under 18.
- Four states (California, Florida, Georgia, and Maine) limited eligibility to certain income groups. Five states (Arizona, Maryland, Minnesota, Mississippi, and Texas) provided services to medically eligible individuals but charged fees based on income. Ohio required those with income over a certain amount to spend a proportion of their income before they were eligible for free services.
- Maine's program did not cover end-stage renal disease or muscular dystrophy because they lacked a good prognosis for cure or measurable improvement with medical treatment or therapy. Similarly, in Texas, until recently, an individual's eligibility depended on an expectation of improvement or increase in functional independence based on the physician's assessment of the patient's prognosis. Ohio's program specifically excludes long-term or maintenance care, while Minnesota's program provides for chronic long-term care.

The extent to which states' CMS programs covered the 10 chronic conditions that served as the basis for our report on home care experiences of chronically ill children is shown in table 4.

Table 4: Medical Conditions Covered by State Children's Medical Services Programs (1987)

	Provision for care, by state									
Medical condition	**AZ**	**CA**	**FL**	**GA**	**ME**	**MD**	**MN**	**MS**	**OH**	**TX**
Diabetes		X	X	X	X	X	X		X	
Asthma		X	X	X	X	X	X			
Spina bifida	X	X	X	X	X	X	X	X	X	X
Cleft palate	X	X	X	X	X	X	X	X	X	X
Congenital heart disease	X	X	X	X	X	X	X	X	X	X
Leukemia	X	X	X		X	X	X		X	X
End-stage renal disease		X	X			X	X		X	
Sickle cell anemia	X	X	X		X	X	X	X	X	X
Cystic fibrosis	X	X	X	X	X	X	X	X	X	X
Muscular dystrophy	X	X	X			X	X			
Total number covered	**7**	**10**	**10**	**6**	**8**	**10**	**10**	**5**	**8**	**6**

Agency Comments

The Department of Health and Human Services reviewed a draft of this report and had no substantive comments (see app. I).

We are sending copies of this report to the Department of Health and Human Services and other interested congressional committees and members, and we will make copies available to others upon request.

The major contributors to this report are listed in appendix II.

Sincerely yours,

J. William Gadsby
Director of Intergovernmental
and Management Issues

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Abbreviations

CMS	Children's Medical Services
MCH	Maternal and Child Health

Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

MAY 30 1989

Mr. Lawrence H. Thompson
Assistant Comptroller General
United States General
Accounting Office
Washington, D.C. 20548

Dear Mr. Thompson:

The Department has no substantive comments on your draft report, "Health Care: Children's Medical Services Programs In 10 States." A technical comment was provided to a member of your staff on May 24, 1989.

The Department appreciates the opportunity to comment on this draft report before its publication.

Sincerely yours,

Richard P. Kusserow
Inspector General

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